



**SATELLITE
RECEIVERS LTD.**

SINCE 1980 AUTHORIZED DISTRIBUTOR FOR  General Instrument  UNITESH



Corporate Office:
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Green Bay, WI 54302
Phone: 414/432-5777
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April 11, 1994

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FCC - MAIL ROOM

Mr. William F. Caton
Federal Communications Commission
1919 M. Street, N.W., Room 222
Washington, DC 20554

REFERENCE: FEDERAL COMMUNICATIONS COMMISSION INQUIRY INTO SPORTS
PROGRAMMING MIGRATION, Docket No. 93-21

Dear Sir:

Per your request for information, Docket No. 93-21, Paragraph 19, we at Satellite Receivers, Ltd. (dba Programming Center) would like to respond with the following information for your consideration.

This information directly applies to the NFL's plan to scramble satellite feeds for home games to satellite dish owners. At the present time, the NFL is using discriminatory distribution practices in determining who will be allowed to offer their services to the marketplace. After several attempts to get distribution rights, we were informed that our company did not qualify. If there are standard qualifications that must be met by all vendors, we have never seen them. We were further told that although some standards were set and exceptions had been made, we at Satellite Receivers were not being allowed to participate in the distribution scheme.

We at Satellite Receivers are fully prepared to comply with any and all requirements the NFL might have, if they would simply apply them equally and across the board. In my mind, these discriminatory policies for distribution are just the tip of the iceberg. If they continue to operate in this fashion, for no good reason discriminating against financially and service capable companies such as ourselves, our 75,000 subscribers will be unable to purchase this product from us and will be forced to turn to an alternate vendor, further complicating their lives, requiring bills and authorizations from several different programmers. The problem is not the establishment of standards, if they are applied equally and fairly, but rather a system where they pick and chose for proprietary reasons unknown to us, and Satellite Receivers cannot distribute the signals to this very important sporting activity.

It has always been my understanding that the NFL receives exceptions from federal anti trust as well as monopolistic practice rules and therefore has a very special obligation to the marketplace to at lease offer its product for distribution in the widest forms of distribution. We are very disappointed that after offering to meet any and all standards of qualifications that are equally

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Mr. William F. Caton

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applied, we were not able to offer these services. Please keep in mind that we are located in Green Bay, Wisconsin, home of an NFL franchise and having a major distribution territory of Wisconsin, Michigan, Illinois, Indiana, Ohio, Minneapolis and Iowa with approximately eight NFL franchises in our master distribution area. The loss of availability to these services, and for no good reason, will be detrimental not only to our hardware business but significantly to our back office packaging business.

I believe through the use of distribution contracts, the NFL is attempting to not only control and limit distribution of the product, but to influence the entire TVRO marketplace appointing of only a select few distributors who will in a short period of time begin cannibalizing TVRO consumers. This industry has been built and based on open distribution policies allowing the customer to choose between 15 to 20 third party packager's, making customer service, product choice and pricing key eliminates in maintaining the lowest possible price point and the best quality service for the consumer.

Now the NFL comes into our market, taking advantage of its government shielded monopolistic practices, and begins to have an impact on an entire industry of two plus million subscribers, generating annual revenues of approaching one billion dollars. If this is allowed to continue, the six or eight distributors that have been given contracts may begin to force a consolidation of subscribers for no other reason than convenience, but more than likely through packaging of services with NFL football in an effort for consumers to receive cheaper pricing. In essence, these consumers will be forced to purchase all of their product from these distributors in order to get the best rate on NFL football. I believe these contracts have the ability to impact as much as forty to fifty percent of the total TVRO base and therefore this closed discriminatory distribution policy scare us.

We are a company that began in 1980 and now employ approximately 100 people. One of our major concerns, after ten years of work to build the organization, is that all of the people who were hired to provide service for this TVRO marketplace are now being placed in jeopardy and in fact were not even given an opportunity to distribute NFL feeds. They all participated in the building and the growth of the industry which created a market for the NFL to sell product in and now that the market has been created, these jobs are in jeopardy through no fault of their own. If in fact this were truly a free market enterprise, if they would not have been so arrogant with their distribution policies, ultimately we would have product available to us. We are not complaining about pricing, as we have seen none, but our concern is for both today and the future, as to the impact these distribution policies will have on our industry. This may be the first step in a direction that say's, if today there are only six distributors, in two years there may only be one and the power that that one distributor has to control twenty or thirty percent of a two million

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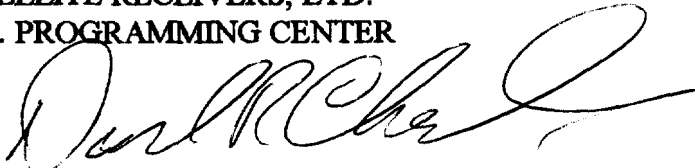
subscriber marketplace, could be phenomenal. Just think about it, if the regular price of HBO in the market is \$69.00, but a single source or limited source NFL distribution package allows for packaging of HBO and the NFL, they could now force the customer to buy through them, HBO services or other services in an effort to get lower prices on the NFL service.

If this market is not opened up, I am sure you will see another repeat scenario of Cable 101, rising prices, lowering service and by no competition in the marketplace. No, six or eight out of twenty vendors is not competition. Remember, the NFL has total control over the vendors and the intrinsic values that are provided along with these contracts have total dominance over their distribution, filling the market.

Thank you for this time and consideration of these issues. The inquiry is quite timely, and we at Satellite Receivers will commit to you any time and resources that you might request in an effort to further support this issue. One short response cannot begin to explain how this industry operates, the hundreds of jobs that are at stake and why this single issue is so important. Should you require additional time and assistance, I will personally make any and all available to you upon your request. Hopefully we can resolve this problem before it becomes a cable dominant giant requiring hundreds of hours and million's of dollars to protect American consumers.

Respectfully submitted,

SATELLITE RECEIVERS, LTD.
d.b.a. PROGRAMMING CENTER

A handwritten signature in black ink, appearing to read "David R. Charles", written in a cursive style.

David R. Charles
Chairman - Secretary - Treasurer

DRC:lb



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April 11, 1994

Dear Commissioner's:

After reading my lengthy response to the Notice of Inquiry into Sports Programming Migration, I felt it an important enough issue to add a second cover letter. From all of the attached detail, flows relatively basic concerns and they are as follows.

1. Satellite Receivers, Ltd. has 30 to 50 employees which will be negatively impacted by the NFL's distribution decisions. Our typical Customer Service Representative is 24 years old and constitutes a single parent family unit. We are offering some of the best employment and growth opportunities in a brand new industry (i.e. the Entertainment Industry) ever to come along in the Green Bay marketplace. Quite simply, NFL's Distribution Right's Policies are unfair and not being equally applied. They will negatively impact the jobs, earning ability and future of all of our employees.
2. This is just the tip of the iceberg. First they scramble the back-hauls, next it becomes Pay-Per-View, Pay-Per-Game and ultimately my fear is you will only purchase these products directly from the NFL at rates and pricing that only the wealthy can afford.
3. Our 75,000 subscribers are being forced to stop doing business with us and move to other program suppliers at potentially higher rates and lower service levels because Satellite Receivers does not have the right to sell this product.
4. Quite simply, we are being discriminated against. Our financial strength is amongst the best in the industry, our willingness to meet any and all requirements is in place. Contracts have been given to people with lower qualifications and smaller subscriber bases thereby creating discrimination against a very qualified source of distribution.

We thank you for your consideration of this sensitive situation and would sincerely appreciate any support which might allow for our company to competitively distribute scrambled NFL feeds to our customer base and continue the growth and expansion of our company.

Sincerely,

SATELLITE RECEIVERS, LTD.
d.b.a. PROGRAMMING CENTER

David R. Charles
Chairman - Secretary - Treasurer

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Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D.C. 20554

In the Matter of

Implementation of Section 26 of the
 Cable Television Consumer Protection
 and Competition Act of 1992

PP Docket No. 93-21

Inquiry into Sports Programming
 Migration

FURTHER NOTICE OF INQUIRY

Adopted: March 10, 1994

Released: March 11, 1994

Comment Date: April 11, 1994

Reply Comment Date: April 26, 1994

By the Commission:

I. Introduction

1. Section 26 of the Cable Act of 1992¹ directs the Federal Communications Commission to examine carriage of sports programming by television broadcast stations and by subscription media, to submit reports to Congress on or before July 1, 1993 and July 1, 1994, and to make "such legislative or regulatory recommendations as the Commission considers appropriate." The Commission issues this Further Notice of Inquiry ("Further Notice") in order to update the record in its sports programming migration docket and gather the necessary additional information to compile its Final Report to Congress, due July 1, 1994.

2. The Cable Act of 1992 directs the Commission to examine, on a sport-by-sport basis, trends in the migration of sports programming from broadcast television to cable

¹ Cable Television Consumer Protection and Competition Act of 1992, Pub. L. No. 102-385, 106 Stat. 1460 (1992).

closed. In order to ensure as full a record as possible, we shall accept and consider these late filed pleadings (and other late filed pleadings that witness college sports).

A. Professional Football

19. In the Interim Report, the Commission found that professional football has experienced no migration and noted that every NFL game is available on broadcast television, at least in the home market of the visiting team.¹¹ Since the Interim Report, the NFL has signed new exhibition agreements with several broadcast and cable television networks.¹² We request information on exhibition of NFL regular and post-season games pursuant to those contracts. In particular, we seek comment on whether the movement of National Football Conference games from CBS to Fox will affect the availability of games via broadcast television. We also note that the NFL has announced plans to separate its satellite feeds and sell packages of games to home satellite dish owners and to commercial establishments such as sports bars.¹³ We request information on the schedule for scrambling and the terms (including cost) under which games will be made available to sports bars and dish owners. Additionally, we seek comment on whether this development has any implications for future offering of NFL games to other audiences on a subscription basis.

B. Professional Basketball

20. The Interim Report found that there has not been significant migration of professional basketball telecasts from broadcast to cable television, either at the national or the local level. The record contains some discussion of declines over time in local exhibition of New York Knicks and Philadelphia 76ers games, and we understand that the Portland Trailblazers have offered some regular season and playoff games via PPV. We invite commenters to supplement the record on these matters if additional relevant information is available, as well as to offer any other information relevant to sports programming migration in the NBA context. Specifically, with regard to the 76ers, we understand that the current local television broadcast contract expires after the 1993-1994 season. We seek comment on whether a new contract has been negotiated, and if it has, on the terms thereof, in order to resolve speculation in the record about the number of 76ers games that will be on broadcast television during the 1994-95 season.

¹¹ Games are also available on broadcast television in the market of the home team, provided that the game is sold out or, at least, 72 hours in advance of the game. See Comments of the National Football League in PP Docket No. 93-21 (filed March 29, 1993) at 8.

¹² See Richard Sandomir, "Fox Network's Bid Gains CBS Air Rights to N.F.C. Football," New York Times, Dec. 18, 1993, p. 1; Mark Adam, "ABC, ESPN, TNT Bid for NFL Rights," Washington Post, Dec. 19, 1993, p. D1; Leonard Shapiro and Mark Asher, "NBC Renews AFC Rights," Washington Post, Dec. 21, 1993, p. E1.

¹³ See "NFL Confirms Scrambling Sales Plan," Satellite Business News, Jan. 12, 1994, pp. 1, 25.